

# The Changing World of Contracting and Finance in WFD— New Challenges, New Opportunities

Kristin Wolff  
thinkers & doers, llc  
Governor's Conference on WFD  
Osage Beach, MO  
October 7, 2004

# Agenda

- Why is WFD different than it used to be?
- What does it mean for WIA programs?
- Where does contracting fit in WIA policy-making and program development
- Elements of good business planning and effective contracting
- Peer-2-peer problem-solving

# What's going on that makes WFD different today than it was a few years ago?

- Demographics
  - Aging (or bifurcating) workforce
  - Diverse diversity
  - Change in work culture
- Economics
  - Recession (or soft labor market)
  - Structural changes in key industries (like globalization in mfg)
- Technology
  - Electronic info and tools (required by jobs and used to find them)
  - Customer expectations (choice, self-services, customization)

# Differences? (cont.)

## ➤ Politics

- WIA ( & subsequent delays in reauthorization)
  - Emphasis on smart investments, accountability, performance
  - Creation of uncertain alliances in one-stops
  - Focus on business services
- Competing federal priorities (e.g. Iraq, homeland security)

## ➤ politics

- States, LEOs, stakeholders eyeing resources, debating about levels of intervention
- Your own neighbors and families—seeking jobs, seeking training, seeking upward mobility
- Struggles within your organizations—who's in charge here?



# What does it all mean for WIA programs, contracts?

- Less money, more responsibility (for those who do contracting)
- Less money, more competition, increased accountability (for bidders and contractors)
- Misalignment between policy priorities and performance not measures tied to \$
- New expectations of WIA program/board staff

The only way to make this work is by working together...we *have* to do things differently...

# What does doing things differently mean?

- Managing more (and more diverse) funding streams
  - Different timelines
  - Different rules
  - Different performance measures
- Developing more diverse contracts with a greater range of contractors (e.g., professional and trade associations, firms, banks, etc.)
- Contracting for different work
  - Business services
  - Financial literacy
  - Entrepreneurship
  - Training in the workplace
- Developing a strategic and systemic approach to financing and contracting
- Working with different partners in different ways (especially if WIB staffed by county employees)
- Acting like a business (or maybe even running one!)

The bottom line:  
*As business plans replace program plans, contracting units and finance people become the CFOs of publicly financed workforce development.*

*Are you ready?*

# Financing, funding—what's the difference?

- Financing means getting something paid for (regardless of who or how)
- Funding means paying for something

The distinction is increasingly important in the world of WFD...

# Elements of effective business planning

- Define your business concept
  - Statement of purpose (what do you want to be different at the end of the day? What are you *not* going to do?)
  - Products & Services
  - Target markets
  - Marketing & distribution (how will you communicate, sell and deliver products and services to your intended markets?)
- Define your current business position, achievements to date, and where you seek to be (and by when?) (e.g. are you expanding to new markets or growing old ones? At what rate?)
- Financials
  - What money are you investing toward which ends?
  - What are the expected returns? By when?
  - Where's the money now? (balance sheets)
- Management
  - Who will make what kinds of decisions?
  - Who will monitor resources and performance of contracts and how?
  - Who will track progress against business plan and how?
  - What are you preparing for down the road that you are doing today?

# Contracti

How do we make  
sure we know  
how we're doing?

How do our  
resources align  
(or not) with  
our biz plan?

How do we use  
them to meet  
today's needs  
and prepare for  
tomorrow's?

1 Our business  
concept—what  
are we in  
business to do?

4 How are we  
managing our

How did we do?  
How might we do  
better?

Impact!  
What we do  
matters!

3 How are we  
financing  
our business?

Who are our  
delivery partners,  
and how do we do  
business  
together?

# Contracting: where does it fit?



Contracting is a *critical* piece of the business—it connects the planning to the doing, and the measuring to the improving



# Elements of effective contracting

- Doing effective community prep-work—making sure the market will respond
- Doing effective internal prep-work
  - Specifying the inputs:
    - Business/policy objectives (what you seek to accomplish)
    - Available resources and linked requirements (timelines, eligibility, performance, reporting, etc.)
    - States and local considerations/context
    - Good judgment
  - Identifying and quantifying expected outcomes (performance)
    - What outcomes? How many? How defined? How measured? How reported?
  - Determining allocation strategy
    - How much goes where? (based on geography, need, ability to leverage, etc.)
    - How will money move? (procurement, sole-source, direct services, etc.)

# Elements of effective contracting (cont.)

- Running a fair and effective RFP process
  - Building RFP around outcomes
  - Making evaluation criteria clear and fair
  - Encouraging partnerships (e.g. youth—the 10 elements)
  - Running a good bidders' conference (speed dating?)
  - Involving external stakeholders in selection process
  - Training review panel members
  - Scoring and ranking proposals
  - Working with un successful bidders to explain results—preparing them for future

# Elements of effective contracting (cont.)

- Developing the contract
  - Specifying performance requirements (quarterly?)
  - Specifying reporting requirements (how data submitted, to whom, how often, to what level of quality, etc.)
  - Providing for technical assistance and compliance protocols and contacts
  - Articulating payment points and requirements
  - Detailing incentives and sanctions (if any)

The background is a gradient of teal and dark blue. A thin, light teal curved line starts from the top left and arcs towards the right. A bright teal spotlight effect originates from the right side, illuminating the text.

Document community impact in  
ways that matter to your community!

K. Wolff  
Thinkers & Doers

# Common contracting hiccups

- Policy disconnected from contracting process
- Contracting processes for different products and services undifferentiated
- Lack of clarity around expectations, performance, payment points and processes
- Contract lacks “teeth”
- “Rushing” or lack of process knowledge from previous years results in wheel reinvention
- Neglect of knowledge acquisition & sharing good practice (between WIBs and contractors, among contractors)
- Low expectations

# Remember...

- WIB work is business—and requires business planning
- Finance (people/units) and contract (people/units) turn business *planning* into business *doing* through smart investments.
- Investments need to deliver results—every dollar invested should create added (measurable) value every day.

*What are you getting in return for your dollar?*

# Let's talk—overcoming common challenges

- “I’m asked to be creative in a system that demands compliance” or “I’m asked to insure compliance when we don’t have a system to comply with.”
- “People hand me very general policy principles and then ask me to do an RFP—but they haven’t made key decisions!”
- “People come to me after the fact—after the RFP—and tell me that’s not what they wanted.”
- “People come to me to ask why there were so few responses to our RFP—but I’m the contracts specialist!”
- “It’s not clear who’s responsible for insuring that contractors achieve their performance measures—and I’m not sure how to write contracts that help them.”
- “I know they are a good contractor, but their results don’t reflect the quality of their programs.”
- “I’m in a rural area—we don’t have competition here—there aren’t very many contractors.”
- “I know our resources are scarce, but am I supposed to be saving money or bringing it in?”

# Thank you!

Kristin Wolff  
thinkers & doers, llc  
kwolff@thinkers-and-doers.com  
503.888.1022

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